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The Honorable Martin Abney
Chairman
State of Rhode Island House of Representatives Committee on Finance
State of Rhode Island State House
82 Smith Street
Providence, RI 02903

Dear Representative Abney:

The Milbank Memorial Fund is an operating foundation dedicated to informing state policymakers with evidence and experience on strategies to improve population health. We connect state leaders across executive and legislative branches, as well as across state and party lines, with each other and with experts who help them craft strategic and practical solutions for complex health care issues.

We do not comment on or advocate for specific legislative proposals, but we are supportive of Rhode Island's focus on health care affordability including health care cost growth and wish to speak to the importance of continuing the state's work as suggested by the pending budget proposal.

It is hard to find a more complex problem than rising health care costs, but state and private sector leaders are joining together to untangle this big knot starting with increased transparency of information on health care spending.

A broad focus on system-wide health care spending is important because otherwise costs may be shifted from one payer segment to another, or resources increased in some provider segments that add less value and shortchanging others that can add more value. If the increased cost is concentrated on higher cost services, the cost growth impact is multiplied and investments in more cost-effective services like primary care can get squeezed out. So, it is important not only to see where the dollars are going today but how to shift those resources to areas like primary care that can save money and save lives.

The key elements of Rhode Island's model have included:

- Providing state leadership to address health care costs and engage stakeholders to develop a statewide strategy;

- As a key component of that strategy, having stakeholders commit to a target for health care cost growth and collecting data to monitor performance against the target;
- Analyzing health care system data to identify specific factors driving health care costs; and
- Advancing systematic and coordinated public and private actions aimed at reducing health care cost growth or making health-related investments that will help to bend the health care cost curve.

This is a comprehensive, national model. We have learned from the work of other states, including Massachusetts, that simply tracking health care costs will not alter the trajectory of cost growth. The model elements need to work together and be sustained over the long term.

Sustaining that focus means the state and a broad array of stakeholders continue to commit to achieve a shared goal — building a more sustainable health care system, commit the necessary resources to implement the strategies, and measure what is working and what is not. The proposed budget would provide an ongoing funding source for measurement and analysis, formalize the state's commitment for this important cost trends work to continue, and ensure that health care cost growth continues to be "right sized" compared to the state's economic growth. It is a small and wise investment in making sure health care spending in RI is sustainable for individuals, employers, and the government.

The Legislature and Administration are to be commended for efforts such as this to assess how the health care system in Rhode Island can make sure health care is affordable and available for everyone in the Ocean State.

Sincerely,



Christopher F. Koller